

AMENDED IN ASSEMBLY JANUARY 23, 2006

AMENDED IN ASSEMBLY MAY 3, 2005

AMENDED IN ASSEMBLY APRIL 21, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1430

**Introduced by Assembly Member Goldberg
(Coauthor: Assembly Member Yee)**

February 22, 2005

An act to amend Section 39607.5 of the Health and Safety Code, relating to air resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 1430, as amended, Goldberg. Air Contaminants.

Existing law requires the State Air Resources Board to develop and adopt, at a public hearing, a methodology for use by air pollution control districts and air quality management districts to calculate the value of credits issued for emission reductions from stationary, mobile, indirect, and areawide sources, including those issued under market-based incentive programs, when those credits are used interchangeably, with certain requirements. *Existing law specifies that the state board shall perform specified functions in developing the methodology. Existing law also requires the state board to periodically update the methodology as it applies to future transactions, if necessary.*

~~This bill would require this methodology to prohibit the trading of mobile source emissions for stationary source emissions, within or between air districts, until all stationary sources have first installed best available retrofit technology, best achievable control technology, or lowest achievable emissions reduction. This bill would require the~~

Advisory Committee on Environmental Justice to review each updated methodology.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 39607.5 of the Health and Safety Code
2 is amended to read:

3 39607.5. (a) The state board shall develop, and adopt in a
4 public hearing, a methodology for use by districts to calculate the
5 value of credits issued for emission reductions from stationary,
6 mobile, indirect, and areawide sources, including those issued
7 under market-based incentive programs, when those credits are
8 used interchangeably.

9 (b) In developing the methodology, the state board shall do all
10 of the following:

11 (1) Ensure that the methodology results in the maintenance and
12 improvement of air quality consistent with this division.

13 (2) Allow those credits to be used in a market-based incentive
14 program adopted pursuant to Section 39616 that requires annual
15 reductions in emissions through declining annual allocations, and
16 allow the use of all of those credits, including those from a
17 market-based incentive program, to meet other stationary or mobile
18 source requirements that do not expressly prohibit that use.

19 (3) Ensure that the methodology does not do any of the
20 following:

21 (A) Result in the crediting of air emissions that already have
22 been identified as emission reductions necessary to achieve state
23 and federal ambient air quality standards.

24 (B) Provide for an additional discount of credits solely as a
25 result of emission reduction credits trading if a district already has
26 discounted the credit as part of its process of identifying and
27 granting those credits to sources.

28 (C) Otherwise provide for double-counting emission reductions.

29 (4) Consult with, and consider the suggestions of, the public
30 and all interested parties, including, but not limited to, the
31 California Air Pollution Control Officers Association and all
32 affected regulated entities.

1 (5) Ensure that any credits, whether they are derived from
2 stationary, mobile, indirect, or areawide sources, shall be
3 permanent, enforceable, quantifiable, and surplus.

4 (6) Ensure that any credits derived from a market-based
5 incentive program adopted pursuant to Section 39616 are
6 permanent, enforceable, quantifiable, and are in addition to any
7 required controls, unless those credits otherwise comply with
8 paragraph (2).

9 (7) Consider all of the following factors:

10 (A) How long credits should be valid.

11 (B) Whether, and which, banking opportunities may exist for
12 credits.

13 (C) How to provide flexibility to sources seeking to use credits
14 so that they remain interchangeable and negotiable until used.

15 (D) How to ensure a viable trading process for sources wishing
16 to trade credits consistent with this section.

17 (E) How to ensure that, if credits may be used within and
18 between adjacent districts or air basins where sources are in
19 proximity to one another, the use occurs while maintaining and
20 improving air quality in both districts or air basins.

21 ~~(8) Prohibit the trading of mobile source emissions for stationary~~
22 ~~source emissions:~~

23 ~~(A) Within an air district, until all stationary sources have~~
24 ~~installed best available retrofit technology, best achievable control~~
25 ~~technology, or lowest achievable emissions reduction, as~~
26 ~~appropriate, in that air district.~~

27 ~~(B) Between air districts, until all stationary sources have~~
28 ~~installed best available retrofit technology, best achievable control~~
29 ~~technology, or lowest achievable emissions reduction, as~~
30 ~~appropriate, in each air district.~~

31 (c) If necessary, the state board shall periodically update the
32 methodology as it applies to future transactions. *The Advisory*
33 *Committee on Environmental Justice, established pursuant to*
34 *Section 71114 of the Public Resources Code, shall review each*
35 *updated methodology.*

36 (d) The state board shall periodically review each district's
37 emission reduction and credit trading programs to ensure that the
38 programs comply with the methodology developed pursuant to
39 this section.

- 1 (e) The state board shall post on its Web site, at a minimum by
- 2 January 1 each year, actions taken by the state board to implement
- 3 this section.

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